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United Kingdom Reviews First Year in EC

China's Hog Numbers

Foreign Agricultural Service
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Healthy, productive dairy cattle on a private farm in India are a result of a dairy development program to boost domestic supplies of milk and other dairy products. The plan includes the use of high-quality U.S. stock in crossbreeding programs designed to upgrade domestic breeds. See page 8.

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United Kingdom Reviews Impact Of EC Accession at End of 1973

By MARSHALL H. COHEN
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At the close of 1973, its first year of membership in the European Community (EC), the United Kingdom faced the serious dilemmas of balancing consumer and farm interests, recovering from both economic and political crises, and adjusting to the binding regulations of the Common Agricultural Policy (CAP).

As a result, anticipated benefits of membership—expected to be slow and complex at best—were not apparent. The majority of public opinion at the year's end ranged from disappointment to firm opposition to integration in the Common Market.

A major problem in the United Kingdom last year was the rapid rise of inflation, particularly serious since U.K. industrial exports compete in world markets. Since 1967, when currency was devalued by 14.3 percent relative to the U.S. dollar, British economic policy has been geared to controlling domestic prices and improving the balance of payments.

Nevertheless, the consumer price index, which gained 6.6 percent in 1972, rose sharply by 9.9 percent in 1973. Food prices alone increased by 13.3 percent. By end-1973, the balance of payments deficit had reached an alarming $3.6 billion, due largely to the rise in import prices and deterioration of sterling relative to other major currencies.

Because of traditionally high EC prices, anti-EC groups in Britain cited Community membership as a significant cause of food price rises. Actually, the direct effects of integration were secondary to advances in world prices in 1973, which for many key commodities were higher than those in the EC.

The costs of U.K. imports of agricultural products increased by about a third in 1973, compared with the previous year, to reach an estimated $8.3 billion. The price of grain imports jumped by 40 percent, oilseed imports prices were up 100 percent, and the cost of other imported animal feeds increased by nearly 90 percent. Britain's era of cheap food policies had already begun to phase out in 1972, before accession occurred, owing to pressure on domestic prices from rising world commodity prices.

The oil crisis that began late in 1973 caused the economic situation to deteriorate further. Compounding the problem was the refusal of coal miners to work overtime without wage hikes. Because of energy shortages, the Government cut the work week to 3 days, beginning on January 2, 1974. Food processing industries, however, were exempt from the ruling.

Measures introduced to control inflation included cuts in Government spending, tight credit, and a surtax on incomes above a certain level. Meanwhile, a general coal miner's strike, which began on February 9, 1974, precluded any possibility of economic improvement in first-half 1974 and forced a new general election on February 28, 1974. The election resulted in the return to power of a Labor Government.

One of the difficult balancing acts that the new Labor Government will attempt is to hold down retail food prices, while gradually adjusting to the CAP. In a pre-election manifesto, the Laborites maintained that they would renegotiate aspects of the CAP, particularly the method of determining the British share of expenditure in the EC agricultural budget, or EC proposals that might boost retail food prices. The Government has also taken the extreme position that it could call a public referendum on the question of continuing membership in the Common Market at all.

Although the issue of renegotiating the terms of membership has not yet been clarified, the United Kingdom agreed to the target prices that were proposed at the meeting of the EC Council on March 22-23. The EC increased farm prices by a record average of 9 percent. The United Kingdom would have preferred minimal price increases for most commodities in order

to hold down further inflation.

The increases agreed to, however, are partly neutralized by special concessions by the EC Council to the United Kingdom to implement a wide range of food subsidies, to provide special price treatment for beef and veal, and to give subsidies to calf and pig producers.

The EC Council meeting resulted in the following percentage price increases for the following selected commodities: Soft wheat, 6 percent; barley, 5 percent; corn, 6.5 percent; beef, 12 (6.3 percent in Britain); veal, 9 (6.3 percent in Britain); pork, 8; milk, 8; skim milk powder, 19.7; and no change in butter or olive oil.

Average price increases for other commodities were: Fruits and vegetables, 8 percent; wine, 11 percent; sugar, 7 percent, with no change in the United Kingdom until July; rapeseed, 4 percent; tobacco, 6 percent; and sunflowerseed, 6 percent. Moreover, a soybean support system was approved "in principle."

THE PROVISION restricting the U.K. beef price to a 6.3 percent increase is designed to keep the beef intervention price below market prices. It increases the subsidies paid by the EC on exports from other member countries to the United Kingdom. Also, the United Kingdom will be permitted to decide independently whether or not to use intervention procedures. Hopefully, these measures will prevent rises in retail beef prices.

A further measure allows the United Kingdom to raise its calf subsidy by about $23 per head. This, as well as a temporary, 4-month, hog slaughter subsidy—8 cents per pound in April and May, 4 cents in June, and 2 cents in July—will be borne by the British Treasury.

In an effort to moderate the effect of the actions on retail prices, the EC Council will allow the United Kingdom to implement a wide range of food subsidies. These subsidies—for bread, milk, and an additional subsidy on butter—will total $900 million, with provisions for another $233 million, and will be paid by the British Government. As a result, retail food prices are expected to rise moderately in 1974.

In anticipation of accession, British farmers have been gearing up for the past several years. In 1973, however, U.K. area and output of grains and livestock products did not change appreciably. This was expected, since the Treaty of Accession is designed to bring about a very gradual adjustment of British agriculture over a 5-year transition period. Prices for most commodities, including grains, are scheduled to reach EC levels slowly.

Total grain area of approximately 9.1 million acres in 1973 is marginally lower than the previous year. Indications are that the total grain crop at about 15.3 million tons was only slightly below 1972.

Wheat plantings have increased substantially in recent years—bolstered by higher prices and greater use of wheat for feed—and this continued in 1973. Wheat area totaled some 2.83 million acres in 1973, up from about 2.79 million in 1972 and 2.47 million in 1970 and 1971. Area and output of other

Harvesttime in typical Wiltshire grain-growing district, top. Retail price rises for such foods as meats, right, and poultry, above, are concerning British consumers. Anti-EC groups have cited EC membership as a signicant cause of food price rises.

crops, including barley—the principal grain—declined in 1973.

The first year of EC membership tends to bear out some conclusions reached by experts at Michigan State University, who projected long-run increases in grain output, as farmers respond to higher EC prices. However, they also pointed out that grain output gains could be restrained for several reasons, including crop rotational factors affecting yields—continuous cropping may increase the possibility of disease infestation—and technical limitations.

Changes in trade regulations brought about by EC membership have resulted in larger U.K. imports of some agricultural commodities—particularly of grains—from fellow EC members, reducing the necessity for expanding domestic grain output. Trade adjustments include a gradual reduction and eventual elimination of levies between the United Kingdom and other EC members, and the imposition of variable levies on non-EC imports.

During 1973, the United Kingdom increased imports of wheat from the EC by about 40 percent over 1972 to 1.5 million tons, with France's share rising to 1.1 million tons, compared with 825,000 tons in 1972. Total imports of corn, which is produced only experimentally in the United Kingdom, increased slightly over the 1972 level of 3.1 million tons. Corn imports from France, however, expanded from insignificant levels in 1972 to 561,000 tons in 1973. Preliminary estimates indicate that the enlarged Community provided about one-third of total U.K. agricultural imports in 1973.

During the first 3 quarters of 1973, the trend of rising animal numbers continued in the United Kingdom. This expansion has been encouraged by the Government in recent years, particularly in coordination with the import savings program for agriculture.

One of Britain's past goals, which fits in well with EC objectives, is to shift from dairying to beef by raising beef prices and holding down milk prices. Total cattle numbers increased to a record 14.5 million in June 1973, approximately 1 million head above a year earlier. Milk cows increased only marginally, but the increase in calves was strong. Calf numbers rose to 4.35 million, compared with 3.93 million in 1972. The increase in beef-type breeding animals has also been pronounced,

Continued on page 16

U.K. Farm Price Determinations Advanced To Ease Cost Squeeze

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THE UNITED KINGDOM'S 1974 Review of Agriculture and Determination of Guarantees took place in very unusual circumstances. The announcement of the price determinations was brought forward by several weeks in an attempt to lessen the adverse effects on 1974 production of sharply rising costs.

Throughout most of the second half of 1973, British farmers had been pressing vociferously for an autumn review or some other Government action in order to help them offset rising prices of feed and other inputs which threatened to cause cutbacks in British agricultural output. At the time, the Government refused to do any more than advance the date of the review.

Publication of the Review, "Annual Review of Agriculture, 1974," had to wait until the new Parliament assembled after the February 28 election. Following the election, the previous Administration resigned and was replaced by one formed by the Labor Party, with a new Minister of Agriculture, Mr. Fred Peart.

Minister Peart has inherited from an Administration of a different political complexion a framework for 1974-75 which might have been different, had the Labor Party been in power at the time of the price review determinations. The present situation is made especially interesting by the fact that Labor comes into power committed under its election manifesto to renegotiate the terms of British entry into the European Community (EC), with special reference to the Community's Common Agricultural Policy (CAP).

How far the commitments in the manifesto are carried out remains to be seen, particularly in view of the fact that the Government has no majority in the House of Commons. The Liberal and Conservative Parties, which are broadly committed to the acceptance of British entry into the EC under the terms of the Treaty of Rome and the Treaty of Accession, could combine to defeat the Government in a Parliamentary division on an issue such as adherence to the CAP.

In framing the 1974 Review, the previous Administration had to take into consideration what was allowable under the transitional arrangements of Britain's entry into the Community. The Treaty of Accession carefully defines the limits of independent British action on agricultural prices, subsidies, and grants during the transition period.

On the other hand, the Government's task in setting guaranteed prices was made easier from the expenditure point of view by the expectation that in 1974-75 market prices for most agricultural commodities will be higher not only than the permissible levels of U.K. guaranteed prices but also could be above EC guide, target, threshhold, and intervention prices.

The main problem facing the negotiators in 1974 was the enormous increase in production costs which has taken place since the 1973 Review of agriculture.

The introduction to the 1974 Review states that "the agricultural industry has suffered unprecedented increases in costs. . . . The world shortages of proteins and cereals during the summer and autumn led to rises in about two-thirds in the cost of feedingstuffs. . . . Other costs including labor, machinery, oil, and fertilizer have gone up significantly, and so have interest rates."

The Review continues, "The Annual Review has had to be constructed in a period of severe if short-term difficulties in some parts of farming and against the background of the energy crisis and the economic and political problems that it has caused and may be expected to cause in the coming year. . . . Continued expansion of efficient food production remains in the national interest and the present short-term difficulties . . . must not be allowed to obscure or vitiate the industry's excellent long-term prospects."

The general points made in the Review about income and expenditure in

1973-74 are illustrated by the following: Total expenditure on inputs in 1973-74 was $5 billion,[1] an increase of $13.1 million (35 percent) above 1972-73.

Within this total, expenditure on feedingstuffs rose by $8.9 million (52 percent) to $2.6 billion.

There were, however, some large gains on the output side, too. The total gross value of output of the industry at about $10 billion was $2.5 billion (33 percent), up from 1972-73 with a particularly big increase in the value of output of cereals, which went up by $519 million (67 percent) to $1.4 billion, reflecting the fact that higher input costs for livestock producers are merely the reverse side of higher prices for grain farmers.

There was, nevertheless, an improvement in the value of output in the livestock sector, which reached $5.9 billion, $1.1 billion (25 percent) above 1972-73, including a $179 million increase (14.5 percent) to $1.1 billion in the value of output of fat cattle and calves, $312 million (29 percent) to $1.1 billion in value of output of fat pigs, $193 million (49 percent to $584 million in the value of poultry, but only $93 million (6 percent) to $1.5 billion in the value of output of milk and milk products.

After allowing for other receipts, the value of work in progress and intermediate output on one hand, and depreciation, labor, rent, and interest on the other, farming net income in 1973-74 is provisionally put at $2.8 billion, which is $913 million (47 percent) up from 1972-73.

In real terms, however, the performance of the industry is much less than the input-output calculations indicate. The index of net product at constant prices for 1973-74 is put at 114, compared with 110 in 1972-73 (1968-69 to 1971-72=100). This rate of growth is better than between 1971-72, but falls well short of the advances made in the 3 preceding years.

In the price determinations announced on February 12, all price review commodities except eggs and sugarbeets received increases. Egg and sugarbeet guarantees will be terminated at the end of the current year. Beef and rye were taken out of the guarantee price system at the beginning of the 1973-74 year.

[1] Conversion rate: £1=$2.33.

Cereal production, the Review notes, is expected to decline marginally from about 15.2 million tons in 1972-73 to a little over 15 million tons in 1973-74. Acreage declined from 9.39 million in 1972 to 9.27 million. Wheat yields improved in 1973, but those of barley and oats fell slightly. The increased wheat production was particularly welcome in view of the sharp rise in world cereal prices and the difficulties being experienced by importers, due to market conditions and the deteriorating position of sterling.

It is expected that during the current year there will be a significant expansion in utilization of U.K. wheat, particularly in compound feedingstuffs. The high level of market prices in 1973-74 meant that British farmers obtained their whole return from the market. The average market price of homegrown wheat in 1973-74 is forecast at $135 per long ton, as compared with the 1973-74 guaranteed price of $85 and the adjusted EC intervention price for the United Kingdom of $78.

"... Labor comes into power committed under its election manifesto to renegotiate the terms of British entry into the EC, with special reference to the Community's Common Agricultural Policy."

The forecast average market price for homegrown barley in 1973-74 is $121 per ton, as against the guarantee of $77 and the adjusted intervention price of $67. For oats, the average market price in 1973-74 is forecast at $111, as compared with the guaranteed price of $74. The 1973-74 guaranteed price of wheat will be $92, which is $6.80 (8 percent) above the 1973-74 guaranteed price. The barley guarantee goes up by $5.89 per ton (7.5 percent) to $83, while the oats guarantee rises by $5 per ton (7 percent) to $79.

In reporting on livestock and meat products, the Review emphasizes efforts to increase milk production. Between June 1972 and 1973, the number of dairy cows rose by 3.5 percent to 3.44 million. But high feeding costs led to a reduction in milk yields, starting in the autumn of 1973. As a result, it is anticipated that in 1973-74 milk production at 2,934 million imperial gallons will be marginally lower than production in 1972-73 of 2,943 million gallons.

In the 1974 Review, not only is there an increase in the guaranteed price of milk of about 3.7 cents per gallon to about 60 cents per gallon, but there also is a retroactive award applying to 1973-74. The increase of about 3.7 cents is the maximum possible under the terms of the Treaty of Accession.

In order to provide for an even larger increase in farmers' returns from milk, the 1973-74 standard quantity has been increased retroactively by 580.5 million imperial gallons to 2,743.5 million gallons, a gain of about 27 percent. The effect of this increase is to raise the average 1973-74 producer price by 3.4 cents per gallon. Lump-sum payments to the dairy sector will total about $93 million.

The 1974 Review makes a further increase of 156.5 million gallons to 2,900 million gallons in the 1974-75 standard quantity. As a result, almost all U.K. milk production in 1974-75 will be covered by the standard quantity, thus raising the 1974 average price paid producers by about 8 cents per gallon above the 1973-74 estimated price. The combined results of these awards on milk will inject into the dairy sector an additional $338 million in 1974-75. It is hoped that the prospect of these payments during the coming year will bring to an end the current increase in cow slaughter and will help make more remunerative the production of calves from the dairy herd for beef.

In normal circumstances, the award on milk would have involved an increase in the retail price of fluid milk, which is Government-controlled. But because of the inflationary impact on the cost of living, the higher milk guarantee will be borne by the Exchequer as a consumer subsidy. It is estimated that the cost of this subsidy will be about $116 million in 1974-75.

Beef has been outside the guarantee system since March 25, 1973, but the Review notes that there was a 6 percent increase in the total number of breeding cows and heifers in calf between June 1972 and 1973, including a 14 percent expansion in the beef breeding herd.

There has not, however, been a corresponding rise in U.K. beef production, which in 1973-74 is expected to have

risen by less than 1 percent to 924,000 tons. This situation is due to increased retentions for breeding and to a further fall in imports of Irish store cattle.

Although market prices of fat cattle declined from the high levels of early 1973, the average market price of these in 1973-74 is expected to have been $44 per hundredweight of 112 pounds, as compared with the price guide of $38.

In the livestock sector of the CAP, the only remaining applicable award was on pigs. The guaranteed price in 1974-75 will be $8 per score of 20 pounds, or 7 U.S. cents per score (a little under 1 percent) above the 1973-74 guaranteed price. The smallness of the award is due to the limitation placed on the U.K. freedom of action by the EC. The Review notes that the rate of expansion in the U.K. pig breeding herd, which was resumed in early 1972, slowed in the latter part of 1973, checked by rising feed costs. The size of the award on pigs was severely criticized by the National Farmers' Union.

Egg production is expected to increase this year. Egg guarantee arrangements will cease, as of the beginning of the 1974-75 year. Higher prices are expected to provide the stimulus for enlarged flocks.

Poultry meat has never been subject to the Annual Review, but it is noted that its expansion has been almost without interruption and continued growth is expected in 1974-75, although at a lesser rate.

Sugarbeet guarantees will cease to operate in 1974-75. The farmgate price of sugarbeets in 1973-74 is forecast at $19 per ton, compared with the guaranteed price of $16.

Potatoes, as a non-CAP item, have benefited by substantial Government awards. The guaranteed price in 1974-75 will be $51 per ton, an increase of $11 (29 percent) above the 1973-74 price. Total production at 6.53 million tons was 1.5 percent higher than in 1972-73.

Apple and pear orchard acreage continues to decline, and prices in 1973-74 will be well down from 1972 with, for example, average farmgate price of dessert apples falling from $386 per ton to approximately $246 per ton.

Oilseed rape production remains a tentative venture, but in 1973 the crop increased sharply from the previous total of 14,000 tons to 30,000 tons, and there was a sharp rise from $137 per ton to $186 per ton in the contract price, which was considerably higher than the intervention price—$156 at Southampton and Tilbury at the start of the marketing year.

Two important Government subsidies—those on fertilizer and on lime—will cease to operate in 1974-75. In 1973-74, Government expenditures on these commodities amounted to $30 million and $11 million, respectively.

The total cost to the U.K. Government of agricultural support in 1974-75 will be $534 million, excluding CAP costs. Except for a very small outlay on potatoes, the only expenditure on commodity price guarantees will be about $116 million on milk. Before 1972-73, no expenditure was incurred in the milk sector, but since then the Government has, for anti-inflation and political reasons, decided to maintain the retail price of fluid milk at 1971 levels.

On production grants and subsidies in 1974-75, the Government expects expenditures to fall by $8 million (6 percent) to $131 million, while the bill for support for capital and other improvements is forecast to come down by $17 million (7.5 percent) to $210 million. The only increases in subsidies will be in special areas, such as hill cattle, hill sheep, and winter keep.

The new Government is not expected to make any changes in the determinations presented in the Review. It is generally accepted that if the election had taken place with the same result prior to the Review, its content would have been very similar—except that the fertilizer and lime subsidies probably would have been retained.

The other major point of interest is consumer subsidies. The EC Commissioner for Agriculture has indicated that the Commission will not raise difficulties if the United Kingdom decides to introduce a limited range of consumer subsidies in the short term. The NFU has indicated it will welcome a subsidy on feedstuffs. Such a subsidy would meet in part the NFU objections to the smallness of the increase on guaranteed prices of pigs. The Community may accede to limited consumer subsidies, but it will almost certainly reject a producer subsidy of this kind.

Shifts Seen in U.K. Farm Market Promotions

The enlargement of the European Community (EC) has had a dramatic impact on market-promotion activities for agricultural products in the United Kingdom. Many countries have restructured market development programs; others are modifying objectives, or at least considering revisions in their current program plans.

EC-member countries have been increasingly active, with substantially increased funding observed in the French, German, and Dutch programs. Countries presently enjoying, or anticipating, special EC status are taking advantage of their new competitive position. This is particularly true of Mediterranean countries, although some program activities are sporadic and lack marketing continuity, with the exception of Israel's.

Other countries have been frustrated by a loss of preferential access, which has required a redirection of resources. Principal countries in this category are South Africa, Australia, and New Zealand. These countries are either taking steps to counteract the impact of EC regulations through new program strategies, or are phasing out long-standing programs because of insurmountable trade barriers.

Promotion programs sponsored by the Australian marketing boards, for example, were reduced significantly in fiscal 1973.

For specific promotion activities, the trend is towards more solo trade exhibits and away from expensive and difficult-to-control, in-store promotions. Direct advertising is once again the preferred technique in programs designed to reach a mass consumer audience.

The chronic balance-of-payments problem in the United Kingdom is a factor prompting domestic marketing boards to expand direct advertising expenditures designed to increase consumption of home-produced foods. During fiscal 1971 the boards budgeted $7.2 million for direct advertising; this increased to $9 million in fiscal 1973 and is projected to reach $10.5 million for fiscal 1974.

—Based on a dispatch from *Office of U.S. Agricultural Attaché, London*

People's Republic of China Reports Hog Numbers Up Sharply

By FREDERICK W. CROOK and SHELDON TSU
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THE PEOPLE'S REPUBLIC OF CHINA (PRC) has reported a significant increase in livestock numbers, particularly hogs, over the past two decades.[1] Government policy since the early 1950's to develop the hog-raising industry both publicly and privately, with emphasis on private sector production, has resulted in the number of hogs increasing from about 57.8 million in 1949 to nearly 260 million in 1972, a 4.5-fold rise.

Gains reported for other livestock numbers during the period 1949-72 were 59.8 million to slightly more than 95 million for draft animals and 42.3 million to more than 148.2 million, a 3.5-fold increase for sheep and goats.

Draft animals, particularly water buffaloes in the south and cattle, horses, and mules in the north, are important in the PRC as a source of power for transportation and cultivation on communes (collective farm units), despite advances in mechanization.

Sheep and goats are raised primarily in the north, northwestern, and western portions of the PRC as a major source of income for farmers and nomadic peoples in these areas.

Hogs, however, are the main meat animal in the PRC and are raised in all parts of the country, but are concentrated particularly in the heavily cultivated eastern third of the country.

USDA economists currently are undertaking a project to study PRC hog production and feel more qualified to comment on the accuracy of the reported increase in hog numbers.

Evidence uncovered thus far suggests that hog numbers in the PRC have increased greatly since 1949 and that current hog numbers could be of the magnitude officially reported.

Hog production is officially promoted by the PRC Government as a means of earning foreign exchange through the sale of hogs and hog products abroad; as a way for farmers to increase their income through husbanding hogs; as an important source of protein for the largely starchy Chinese diet; and to increase the supply of organic fertilizer.

The Government has encouraged farmers to raise hogs by manipulating procurement prices; insuring fodder rations; promoting improved raising techniques; improving veterinary services and disease prevention procedures; providing insurance to producers; providing loans to farmers to purchase piglets, feed, and build pig pens; and maintaining breeding stock in the communes.

In the past few years scores of reports have been received from communes and counties declaring that the National Program for Agricultural Development's policy of "two to three pigs per farm household" had been fulfilled. In addition, an official PRC report indicates that 800 of some 2,100 counties in Kiangsua, Hupeh, Chekiang, Yunnan, Heilungkiang, and nine other Provinces had achieved the target number in hog production.

Assuming there were 874 million people in the PRC in mid-1972, of which 80 percent or 699.2 million were rural residents, and each family had 4.4 persons, the number of farm households in the PRC in 1972 would be 159 million. An average of 1 pig per household would yield 159 million hogs; an average of 1.5 pigs would be 239 million hogs.

Animal husbandry specialists indicate that it is biologically possible for hog populations to increase 4.5 fold in a 23-year period. To put the reported gain in perspective, USDA analysts conducted a survey of the increases other countries achieved in the 23-year period after the end of World War II, using 1945-68 as the period of comparison for other countries and 1949-72 for the PRC due to the unrest in that country following World War II.

From 1945 to 1968, hog numbers in specified countries increased as follows: United Kingdom, 2.9-fold; Denmark, 4-fold; Netherlands, 4.6-fold; USSR, 2.8-fold; Taiwan, 4.2-fold; and the Philippines, 6.4-fold.

However, is it possible that China, with limited cultivated land, a growing population, and relatively modest increases in grain production, could produce fodder to feed hogs at the level implied by the official PRC report? Grain production for 1949 at 108 million metric tons increased to 246 million metric tons in 1971, a 1.3-fold gain.

Part of the reconciliation of a 4.5-fold increase in hogs with a 1.3-fold rise in grain production may be attributed to the fact that at times PRC statisticians are thought to have underestimated 1949 base years so as to show a more rapid rate of growth after the economy was consolidated. A larger denominator for the 1949 base would result in a less spectacular growth rate. Also the rates for grain and hogs may not have a direct correlation because feed rations for Chinese hogs contain only a modicum of grain with the balance consisting of table scraps, vegetables, and fermented forage materials.

SINCE COLLECTIVIZATION in 1956, the PRC has promoted the utilization of new sources of fodder for hogs, such as fermented feed made from corn, soybean, and soybean stalks, and use of oilseed cakes and meal. Because a large proportion of hogs is raised by private households, table scraps are an important source of fodder. Also farmers may raise fodder on their private plots, which are allocated by local authorities, and in their spare time may forage for fodder for their pigs on collectively-owned land, forests, and streams.

Moreover, while it is generally thought that grain imports, and in recent years oilseed imports, are destined for human consumption in urban centers, it is also true that without these imports, grain would have to be taken from rural areas, thus lessening the amount of grain available for hogs.

PRC exports of hogs and hog prod-

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[1] **Statistics are based on data contained in recent New China News Agency (NCNA) reports, September 18, 1973; "Chinese Economic Statistics: A Handbook for Mainland China," Ch'en Nai-jen, Adline Publishing Co., Chicago 1967; and "Production Yearbook, 1971," Food and Agricultural Organization of the United Nations.**

India Upgrades Dairy Herds With Imports of U.S. Cattle

To increase domestic supplies of milk and other dairy products, India is implementing a dairy herd development program that includes the use of U.S. dairy breeding stock. High-quality U.S. dairy cattle are being used in India's crossbreeding programs to quickly upgrade the quality and productivity of domestic breeds.

According to Government spokesmen, India plans to import about 300 head of Holstein-Friesians and 300 head of Jerseys—half male and half female—from the United States in 1974. In 1973, purchases included 113 head of U.S. Jerseys and Holsteins.

Long-range plans reportedly call for importing 1,000 to 2,000 head of quality breeding stock per year over the next several years. Since India is well aware of the high quality of U.S. breeding stock, potential for future U.S. sales is high.

About one-fifth of the world's total population of cattle and buffaloes is in India, which claims 178 million head of cattle and 55 million head of buffaloes. However, most of these cattle are owned by small farmers, and output, both dairy and meat, is limited.

Each of India's 5-year plans for economic development has included plans and programs for increasing domestic production of dairy products. The results of these efforts have been limited, however, since population increases have offset output growth, and actual per capita production of milk has trended downward slightly.

Annual production of milk could rise to 23.5 million metric tons in 1973-74, a slight gain from the 21.2 million tons produced in 1968-69. The rise is considerably above the level of 17.5 million tons attained in 1951-52, however, and greater than 1965-66's 20 million tons.

In 1970, India launched a new and more intensive effort to develop the dairy industry. At that time, grain production had reached a level considered sufficient to meet foodgrain needs, while providing ample quantities of feed concentrates to improve the quality of dairy cattle rations.

In the same year, the Food and Agriculture Organization's World Food Program agreed to supply India with 126,000 tons of nonfat dry milk and 42,000 tons of butter oil over a 5-year period.

When reconstituted and sold as liquid milk, the product is expected to net receipts of about US$127 million—to be used to further develop India's dairy industry. The Indian Dairy Corporation was set up to implement this program.

An important feature of the intensified effort for dairy development is to cross native breeds of Indian cows with high-quality breeds of Western origin—particularly Jerseys, Holstein-Friesians, and Brown Swiss. Bulls and frozen semen for the crossbreeding program are being imported, primarily from New Zealand, Australia, Denmark, Switzerland, and the United States.

In addition to importing bulls and frozen semen for immediate use, the Indian Government has established breeding farms, using Western dairy breeds to produce "seed-stock" to continue crossbreeding in the years ahead.

To carry out this plan, a few hundred head of high quality heifers—Jerseys, Holstein-Frisians, and Brown Swiss—will be imported to establish purebred herds. As the crossbreeding program continues to advance, new artificial insemination centers will be established and present centers expanded.

—Based on dispatch from
Horace J. Davis
U.S. Agricultural Attaché
New Delhi

In spite of intensive dairy development efforts, India's per capita consumption of milk, above, is shrinking. Stud bulls at Indian breeding center, right, where even the poorest farmers have access to first-rate bulls to improve stock, top right.

International Efforts Boost Foreign Demand for Cotton

By H. REITER WEBB, JR.
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EFFORTS UNDERWAY by the International Institute for Cotton (IIC) are aimed at insuring that cotton will maintain its strong position relative to synthetic fibers in the West European and Japanese markets. Moreover, recent IIC research activities promise a solution to the long-standing problem of easy care for cotton, using a new production process that is competitive in price.

Founded in 1966 to consolidate international promotion and research efforts for cotton-exporting nations, IIC centers its focus on Western Europe and Japan, leading markets in world cotton trade. Member countries include the United States, Brazil, Greece, India, Mexico, Spain, Tanzania, and Uganda. Colombia, Peru, and the People's Democratic Republic of Yemen are expected to join in 1974.

The IIC program is dedicated primarily to improving cotton's image in relation to competing synthetic fibers. Large-scale market research surveys delineate consumer problems and preferences and pinpoint areas that could benefit from promotional activities. Utilization research aims at improving cotton fiber quality and competitiveness. Technical and commercial services are provided to IIC program countries.

Apparently, the program is succeeding. Last year, for the first time in 25 years, cotton increased its percentage share of the textile markets of Japan and Western Europe—at the expense of synthetic fibers. Since IIC began operations, Japan's cotton supplies—that is, availability of textiles for home consumption—have gained some 30 percent, rising from 2.54 million bales to 3.3 million in 1972. In the six original European Community countries, supplies of cotton textiles have increased by 20 percent over the same period.

Worldwide, consumption of cotton has been on the upswing, rising from less than 55 million bales in 1970-71 to 57.2 million in 1972-73—an average gain of almost 1.2 million bales annually. In 1973-74, global consumption is slated to advance to about 58 million bales, according to estimates by the International Cotton Advisory Committee.

Much of the world consumption boom appears to be centered in countries where IIC activities are focused. Preliminary estimates by the UN's Food and Agriculture Organization show that in Western Europe and Japan cotton supplies increased by 950,000 bales in 1972. This represents 83 percent of the mean world increase for the 1972-73 and 1973-74 seasons.

Market demand for cotton in these areas has remained buoyant in spite of high prices on world markets, although prices have now moderated somewhat.

Fueling demand for cotton has been a rise in synthetic prices—polyester prices approached 70 U.S. cents a pound even before the energy shortage became apparent. In Europe and Japan, factors other than energy problems have shortened polyester supplies, including a readjustment of profit structures by manufacturers and a shortfall of cracking and synthesizing facilities.

Moreover, prices for staple polyesters and nylon—as well as other petrochemical derivatives—are likely to increase further as the full effects of petroleum price increases are felt in Europe in mid-1974.

But part of the trend away from synthetic fiber use is due—not only to supply and price problems—but to stronger consumer preference for cotton. IIC monitors the demand situation in Western Europe and Japan through in-depth market attitude surveys, which help to evaluate the effectiveness of promotion campaigns. Market research in 1971-72, and more significantly in 1973, showed that cotton has the best image of any fiber for outerwear in these areas.

IIC market surveys are conducted throughout all program countries in Western Europe, as well as in Japan. In 1972 and 1973, activities were centered in Italy, West Germany, the Netherlands, and the United Kingdom. A survey of 2,000 Italian housewives, completed in 1972, showed that cotton's image had improved markedly in this group. Cotton shirts, and to a lesser extent sheets, were rated more comfortable than comparable products made from other fibers. Eighty percent of the women interviewed preferred all-cotton socks for their families.

Reviews during 1973 at two West German fabric fairs—the Summer Interstoff and the January Household Textiles Fair—showed that fabric manufacturers and makers-up predicted increased demand for cotton across the board. In an opinion study of the Dutch making-up industry in 1974, most in-

The strength of an easy-care cotton sheet is tested as part of IIC's continuing research program on cotton.

dustry representatives projected moderate but significant increases in cotton's share of everyday wear for women, despite sky-high cotton prices when the survey was made.

Perhaps the most conclusive study, completed in the summer of 1973, was conducted in London by Schlackman-Gallup. Here, a sample of women, representing 35 percent of the female population of the greater London area aged 16-30, were surveyed. Included were shopping expeditions, 4-hour interviews, wardrobe evaluations, and fabric identification tests.

Results showed that the women correctly answered 70 percent of fabric identification questions for quite elaborate fabric samples. Almost without exception, participants stated a preference for natural fibers as compared with synthetics. Of all the natural fibers, cotton was by far the most popular choice, reportedly because of comfort, lightness, absorbency, and fashionability.

Clearly evident in this and other market research surveys, however, was consumer demand for cotton with reasonably easy-care properties. Another limitation cited was cotton's knitwear performance—its tendency to bag, sag, and lose stability after washing. For apparel, specifically outerwear, knitting already accounts for a large share of production both in Europe and the United States. Unless cotton, both knitted and woven, can improve its performance in these areas, a substantial share of his important market may not be realized.

IIC's research and development program was set up in 1967. By the beginning of 1973, a major breakthrough was made. Pure cotton fabrics were developed in the laboratory that offered easy-care performance, coupled with the strength, durability, comfort, and other qualities of untreated cotton fabrics.

"Last year, for the first time in 25 years, cotton increased its percentage share of the textile markets of Japan and Western Europe—at the expense of synthetic fibers."

The technology can be applied to a wide range of pure cotton fabrics, from medium or even heavy-weight denims to fine cotton shirtings. Also, the system employs types of easy-care chemicals that are now on the market.

Commercial applications of IIC's laboratory research findings will be highly important, if cotton is to maintain and increase its market share in workwear, bed linen, men's shirts, and women's outerwear—in fact almost every area of textile production.

Europewide field studies in 1973 were aimed at determining how the breakthrough can best be applied commercially. In December 1973, contracts for a joint program were signed with Triatex International A. G. of Zurich, the technical development organization supported by leading European mills. This year, IIC and Triatex will cooperate to develop mass production techniques applying the easy-care treatment, using an existing commercial finishing machine. Thus, prospects for pure cotton easy-care now appear to be very bright indeed.

The first attempts to apply easy-care to cotton were undertaken over 50 years ago to give cotton the same crease-resistance as wool. Renewed efforts were made in the 1950's and 1960's, in the face of market threats from manmade fibers. These efforts met with little success—the problem was universal. Whatever method of treatment was used, it was accompanied by an unacceptable strength loss.

The thrust of IIC's basic research activities was to determine why such strength losses occurred. With current processing methods, crosslinking resins are spread unevenly throughout the fabric. As a result, some fibers are overtreated, and others are relatively unchanged. Overtreatment weakens the fabric and undertreatment cuts down the quality of easy-care performance. Cotton thus is getting the worst of two worlds.

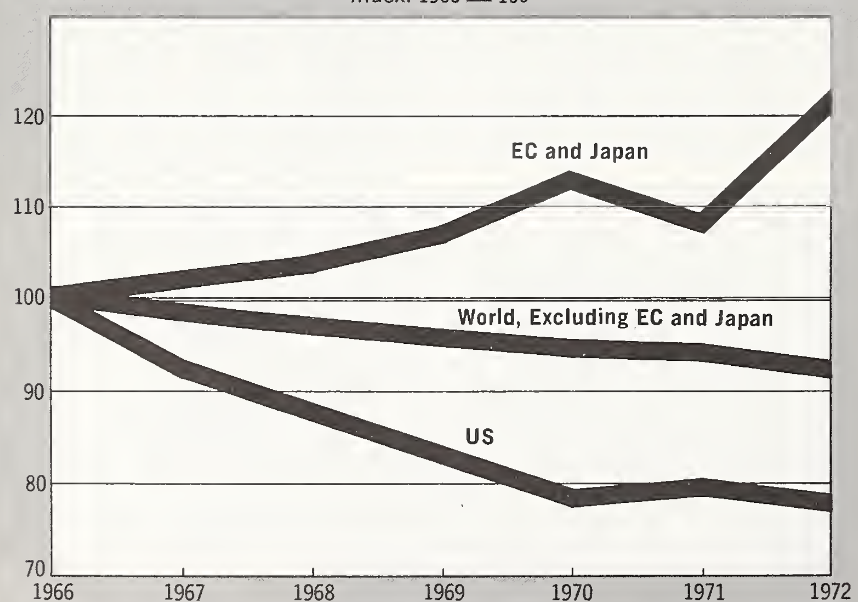
Although it might seem a simple matter to impregnate a fabric evenly with a controlled weight of resin, the problem is not one of penetration, but rather of keeping the resins at an even level of distribution throughout the fabric while water is removed. As the solutions dry out, the resins migrate to the surface with the water.

IIC demonstrated that the best method, therefore, was to use far less water, so that the low proportion of liquid would ensure that much less resin was carried to the fabric surface during drying. Abrasion resistance is improved, drying times are faster, less resin is required, and the process is more economical.

Another avenue of IIC research has been aimed at improving mercerizing techniques. Mercerizing has long been used to improve the dye affinity and luster of cotton fabrics. During IIC in-

PER CAPITA AVAILABILITY OF COTTON

Index: 1966 = 100



Source: Food and Agriculture Organization

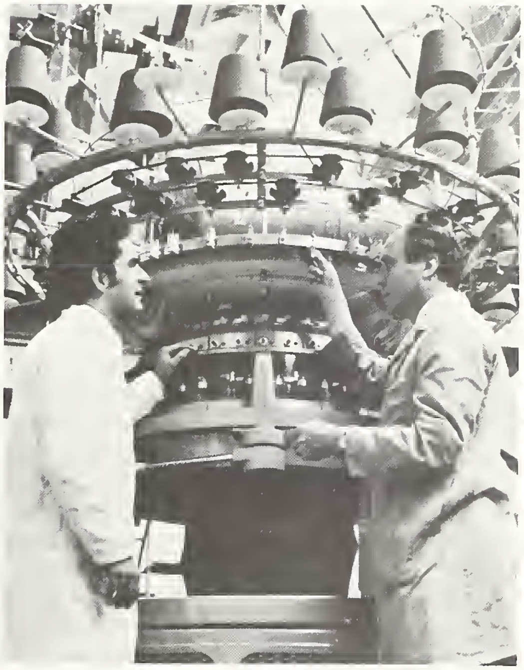
vestigation of the easy-care problem, mercerizing with conventional chemicals and also with liquid ammonia were examined to increase the strength of cotton.

IIC demonstrated that fabric mercerization, as conventionally practiced, did not approach the full potential of the process performed under optimal laboratory conditions. The problem again is one of penetration of the fabric and yarn to the fullest extent by the chemical. Current IIC research aims at improving the speed of penetration of the chemical before too much swelling of the fiber has occurred.

Another avenue of approach to mercerization is the utilization of liquid ammonia as the swelling agent. Liquid ammonia has a very low viscosity and penetrates the fabric very rapidly. On the other hand, it is not easy to deal with. Research by IIC and other groups has been aimed at reducing the amount of agent needed for the process.

The Tedeco Company of Norway has already signed a joint agreement licensing the liquid ammonia mercerizing process to a major U.S. manufacturer of cotton denim fabrics and clothing. The manufacturer claims many benefits for the process, including good wrinkle-free performance, reduced shrinkage, and reduced seam puckering. Also, abrasion resistance and wear-life of jeans are said to be improved.

IIC is currently undertaking further development of the Tedeco process in conjunction with NORAD, the Norwegian Government agency for international development. This work will be financed by the Government of Norway



IIC's cotton service center at the Summer Interstoff in Frankfort, 1973, top. The IIC's Developmental work on knitting, above, and research on fiber structure, above right.

as part of its aid program to developing countries. Research is to be directed by IIC and work should be completed in 1975.

Problems in the area of cotton knits are presently more a matter of the application and modification of existing techniques than of original research. So IIC, with industry, has undertaken a number of development projects aimed at furthering application of these techniques.

Independent of IIC research, many cotton yarns are becoming available in Europe and the United States that are well suited to modern high-speed and specialized knitting methods. Since West European firms are frequently small and without resources for development investigation, IIC's development service identifies and evaluates these yarns, and communicates the facts and figures to interested industrial users.

The development team is also making a series of studies of the new high-speed and specialized knitting machinery that is coming onto the market, with special attention to its possible adaption for knitting pure cotton. In the finishing field, IIC specialists are studying the best ways of finishing cotton knits to eliminate such problems as bagging, stretching, shrinking, and loss of dimensional stability.

CROPS AND MARKETS

FATS, OILS, AND OILSEEDS

Peruvian Anchovy Fishing Resumed 1 Day Early

The U.S. Agricultural Attaché in Peru reports that anchovy fishing resumed on April 8, 1 day earlier than originally scheduled because of the Holy Week holiday. The first week's catch was 238,300 tons with meal production around 55,000 tons and oil production at 13,600 tons. At these rates of catch the second quota of 700,000 metric tons could be caught in 12-14 days of fishing, which would be the end of April. The decision regarding a May quota has not yet been announced.

The Peruvian Times reported that the total March anchovy catch was 575,000 tons, 75,000 tons over the quota. It also reported production of meal at 130,000 metric tons or a yield of 22.6 percent.

Malaysian Palm Oil and Kernel Output, Exports Up Sharply

West Malaysian palm oil production in January 1974 was 58,521 metric tons, 18 percent above the 49,633 metric tons of January 1973, according to a recent report from the U.S. Agricultural Attaché in Kuala Lumpur. Preliminary figures show calendar 1973 production at 739,473 metric tons, up 12 percent from the 659,296 metric tons produced in 1972.

Palm oil exports from West Malaysia in January 1974—at 54,454 metric tons—gained 17 percent from the 46,537 metric tons of January 1973. In 1973, palm oil exports were 723,817 metric tons or 16 percent above the 625,276 metric tons exported in 1972.

Palm kernel production in January 1974 was 12,917 metric tons, up 9 percent from the 11,880 metric tons in January 1973. In calendar 1973, West Malaysian production of palm kernels rose 13 percent to 154,688 metric tons, against the 136,911 metric tons produced in 1972.

Palm kernel oil exports in January 1974—at 9,844 metric tons—were sharply above the 4,015 metric tons exported in January 1973. West Malaysian palm kernel oil exports totaled 66,463 metric tons in 1973, 34 percent or 16,884 metric tons above the 49,579 metric tons exported in 1972.

Large 1973 Sunflowerseed Crop Could Cut Yugoslav Meal Imports

Meal availabilities this year from Yugoslavia's record 1973 sunflowerseed crop are estimated at 143,000 metric tons (soybean-meal equivalent), about 50,000 tons more than a year earlier. Consumption of high-protein meals by Yugoslavia's export-oriented beef and swine industries is expected to increase slightly to about 390,000 metric tons (soybean-meal equivalent). Imports, however, because of the greater availability of sunflowerseed meal, could decline 15 percent (soybean-meal-equivalent basis) from 283,000 metric tons in 1973 to 240,000 metric tons this year. Imports are expected to consist primarily of soybean meal—140,000 metric tons—and fishmeal—100,000 metric tons, soybean-meal equivalent.

This year, despite increased domestic availability of sunflowerseed oil, Yugoslavia is expected to import 45,000 metric tons of soybean oil, up 15 percent from last year's 39,000 metric tons. The proportion of soybean oil imports purchased from the United States is also expected to increase from approximately 80 percent in 1973 to almost 100 percent in 1974.

Yugoslav sunflower seed oil production is expected to be 175,000 metric tons this year compared with 112,000 tons last year. This increase will reduce Yugoslavia's dependence on edible oil imports to about 20 percent of apparent consumption which is estimated at 230,000 metric tons for 1974. Olive and rapeseed oil production will supply about 10,000 metric tons this year.

Because Yugoslav sunflower yields are among the highest in the world and land is limited, potential expansion in sunflowerseed production appears to be somewhat limited. Therefore, future growth in oil and meal consumption is expected to result in expansion of imports.

India Plans Sharp Jump In Peanut Exports in 1974

India's exports of peanuts in 1974 may reach 100,000 metric tons, compared with about 30,000 tons in 1973. Trade reports indicate over 60,000 tons have already been sold to foreign buyers this season, including 30,000 tons to the United Kingdom. Since Nigeria has stopped taking orders for peanut exports, more European buyers are seeking peanuts in India. Large exports of peanuts to the USSR and Eastern Europe are anticipated. India has been a major supplier of Russian peanut imports in recent years.

Good monsoon rainfall contributed to improved peanut yields this season. Peanut production increased from a low of 3.9 million tons (unshelled basis) in 1972-73 to an estimated 6 million tons in 1973-74, although area planted declined about 4.8 percent to 12 million acres.

Exports of peanut meal declined from 855,290 tons in 1972 to about 817,000 tons in 1973. Much higher prices caused the value to increase from $72.7 million in 1972 to more than $200 million in 1973. India's exports of peanut meal are expected to again exceed 800,000 tons in 1974. Although prices for peanut meal exports this year will be slightly below peak levels recorded in 1973, the total value is likely to again top $200 million.

DAIRY AND POULTRY

Canada Sets Dairy Supports

The Canadian Department of Agriculture announced a new target support price for milk used in manufacturing and support prices for dairy products. The following are the support

prices for the 1974-75 (April 1-March 31) marketing year in U.S. currency, with 1973-74 prices in parentheses: Target support price for manufacturing milk, $8.26 ($6.97) per hundred pounds. Dairy product support prices, in cents per pound, are: For butter, 74.9 (69.0); for nonfat dry milk, 48.6 (37.0); and for cheddar cheese, 58.3 (58.3). In addition, the Government has raised the subsidy payment for industrial milk and cream within quota from $1.95 to $2.24 per hundred pounds for 1974-75.

EC Raises Supplementary Levy On U.S. Poultry Meat Products

Effective April 12, 1974, the European Community (EC) significantly increased supplementary levies on certain poultry items from the United States, all derived or potentially derived from turkeys. The now-current supplemental levies, in U.S. cents per pound, are as follows, with prior amounts in parentheses: Boned poultry meat, 27 (19); Turkey halves and quarters, 11 (5.5); Turkey legs, other than drumsticks, 11 (3).

Supplementary levies are designed to enforce EC Gate Prices, which are essentially minimum import prices. Turkey prices in the United States have recently declined, falling from early January 1974 to mid-April 1974 by as much as 9 cents per pound for hens to 15 cents for toms.

The EC changes presumably are to compensate for price declines in the United States, since these levy changes are specifically for U.S. products and do not affect imports from other countries.

Japan Expects High Degree of Dairy, Poultry Self-Sufficiency

Continued high self-sufficiency ratios for 1982 for milk and products, and for eggs and poultry meat, are tentatively foreseen by Japanese sources.

In a report to the Organization for Economic Cooperation and Development (OECD), they stated: For milk and products, a rise, possibly to the level of 97 percent, up from the 1970 level of 89 percent self-sufficiency; hoped for increases in egg production would raise the 1982 self-sufficiency ratio for that product to "about 100," from 97 percent in 1970.

The report says that "chickens . . . can mostly be supplied domestically," but does not refer to a 1970 level, which according to USDA data, was approximately 96 percent.

EC Sets Dairy Support, Threshold, and Target Prices

The European Community (EC) has set threshold prices for dairy products, the target price for milk, and intervention prices for the 1974-75 (April 1-March 31) marketing year.

The target and intervention prices for the current marketing year follow, with 1973-74 marketing year prices in parentheses: Target price for milk, $7.34 ($6.79) per hundredweight; butter intervention price, 96.3 (96.3) cents per pound; nonfat dry milk interevntion price, 43.2 (36.1) cents per pound; internal subsidy for nonfat dry milk for feed purposes, 14.2-19.7 (14.3) cents per pound; and internal subsidy for liquid skim milk for feed purposes 1.3-1.8 (1.3) cents per pound.

EC threshold prices for the 1974-75 marketing year for major dairy products, with 1973-74 prices in parentheses, in cents per pound, are as follows: Nonfat dry milk, 50.3 (43.2); whole dry milk, 70.1 (67.3); butter, 104.6 (104.6); Emmenthal cheese, 105.1 (98.1); and cheddar cheese, 95.3 (89.4).

EC threshold prices are set at a point where the price of imported dairy products corresponds to the target price of milk plus an allowance for the protection desired for the Community processing industry.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 23	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.78	+41	3.21
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	4.97	−20	2.88
15 percent	5.05	−17	2.91
U.S. No. 2 Hard Winter:			
12 percent	5.11	+14	2.84
No. 3 Hard Amber Durum	6.80	+27	3.14
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.24	− 6	2.04
Argentine Plate corn	3.65	0	2.21
U.S. No. 2 sorghum	3.13	− 5	2.05
Argentine-Granifero sorghum	3.11	− 4	2.03
U.S. No. 3 Feed barley	2.59	−24	1.81
Soybeans:			
U.S. No. 2 Yellow	6.50	− 7	7.43
EC import levies:			
Wheat[3]	[4] 0	0	1.48
Corn[5]	[4] .06	−11	1.17
Sorghum[5]	[4] .28	+ 8	1.19

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bu. lower than those of other EC countries.

NOTE: Price basis 30 to 60-day delivery.

Middle East Wheat Output Up

Latest reports from the Middle East continue to indicate prospects for the 1974 grain crop are much better than that of 1973. Wheat output in Syria, Iraq, Lebanon, and Jordan is likely to be about 2.5 million tons higher, and increases in other areas, including North Africa, are also expected.

Wheat imports for the entire Middle East-North Africa area are not expected to decline nearly as much as the increase in production, mainly because of stock buildup plans in several countries.

Colombia Increases Domestic Wheat Price

In an effort to increase domestic production, Colombia's official Government agricultural procurement agency, IDEMA, has announced effective June 1 it will increase the price paid to wheat producers from Pesos 4,000 per metric tons ($4.28 per bu.) to Pesos 5,000 per metric tons ($5.36 per bu.). The

price the mills will pay IDEMA for both domestic and imported wheat, however, will remain at Pesos 2,800 per metric ton ($3 per bu.).

Argentina May Boost 1974 Dry Bean Output

Attracted by high world prices, Argentine growers have been encouraged to expand dry bean production. The 1974 crop, to be harvested in May, could reach 100,000 metric tons, compared with 83,000 in 1973 and 58,000 in 1972. If this level of production materializes, exports for 1974 may go as high as 70,000 metric tons, compared with about 50,000 tons in 1973 and 34,400 tons in 1972.

TOBACCO

Brazil's Tobacco Crop Cut by Southern Floods

Flooding in southern Brazil during late March has caused the loss of at least 10 million pounds—4 percent—of the 1974 cigarette tobacco crop. A short 1973 crop due to weather damage and an unprecedented demand for Brazil's cigarette leaf tobacco had caused farmers to increase their plantings for the 1974 crop by about 25 percent.

Severe flooding came at the end of March when about 65 percent of the crop had been sold.

LIVESTOCK AND MEAT PRODUCTS

U.S. Breeding Animal Exports Higher in 1973

Exports of U.S. breeding animals were valued at $55.3 million in calendar 1973, compared with $25.7 million in 1972. Volume also increased with 67,197 head exported in 1973, compared with 43,861 head in 1972.

A breakdown by category reveals that beef breeding animals totaled 26,904 head valued at $22.5 million in 1973, compared with 14,431 head valued at $13.3 million exported during 1972. Exports of dairy breeding animals amounted to 33,987 head worth $29.7 million in 1973, compared with 18,676 head at $10.6 million in 1972. Exports of breeding swine declined in volume in 1973 but increased in value. Total breeding swine exports were 6,306 head valued at $3.2 million in 1973, compared with 10,754 head valued at $1.7 million in 1972.

SUGAR AND TROPICAL PRODUCTS

Nigeria Increases Cocoa Producer Price

Reflecting record high world cocoa prices, the Nigerian Government has announced that effective April 5, 1974, cocoa farmers will be paid the equivalent of 30.7 U.S. cents per pound for grade 1 beans. This represents an increase of 12.5 percent over the previous price of 27.3 U.S. cents per pound paid to farmers since the commencement of the 1973-74 (October-September) cocoa season. During the 1972-73 season, farmers were paid the equivalent of approximately 20.9 U.S. cents per pound.

Because of unfavorable growing conditions, the 1973-74 Nigerian cocoa bean crop is expected to be between 215,000 and 230,000 long tons, well below the 1972-73 harvest of 260,000 tons.

Ivory Coast Cocoa Bean Exports Smaller in 1973

Exports of cocoa beans from the Ivory Coast in 1973 totaled 140,940 tons, off 12 percent from record 1972 shipments of 159,367 tons. Major recipients of the 1973 exports (with volumes in tons) were: The Netherlands, 36,847; West Germany, 30,538; the United States, 22,683; France, 19,964; Italy, 12,287; and Belgium, 5,771.

During 1973, U.S. imports of cocoa beans and cocoa products from the Ivory Coast were worth $29.3 million, compared with 1972 imports valued at $24.4 million.

India Harvests Record Tea Crop; Sri Lanka's Production Smaller

India's 1973 tea crop totaled a record 469,000 metric tons, up 3.5 percent over the bumper 1972 harvest of 453,000 tons. North Indian production amounted to 367,000 tons, compared with 352,000 tons in 1972. South Indian production was about unchanged from 1972's at nearly 102,000 tons.

Sri Lanka's (Ceylon) tea crop amounted to 211,271 tons, down 1 percent from the 1972 outturn of 213,475 tons, and was well below the record 1965 harvest of 228,236 tons. The 1973 crop was the smallest since the 1961 tea harvest of 206,488 tons.

Many large estate owners in Sri Lanka are not making fertilizer and other capital purchases to increase output because of the new land reform legislation which places all land over 50 acres under Government control.

FRUIT, NUTS, AND VEGETABLES

West German Import Tender Announced for Canned Pears

West Germany has announced a tender allowing imports of canned pears in containers of less than 4.5 kg (9.9 lbs.). The tender covers many countries including the United States.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than September 26, 1974. Licenses issued will be valid until September 30, 1974. Products containing added sugar are subject to the respective European Community regulation.

Floods Slash 1974 Australian Canned Fruit Pack

Heavy floods in Goulburn Valley of Victoria slashed Australia's 1974 canned deciduous fruit production. Current estimates place the total pack at 7.7 million cases, 26 percent below the 1973 pack of 10.4 million cases, equivalent 24/2½ basis. Clingstone peaches were damaged more severely than other fruits.

Exact losses have not been determined but estimates indicate approximately 30 percent of Goulburn Valley peach trees were killed by waterlogging and root rot. Humid conditions led to additional fruit losses from brown rot.

The 1974 canned peach pack is estimated at 2.8 million cases, 39 percent below 1973 production of 4.6 million cases. Canned pear production is estimated at 2.5 million cases, 16

percent below the 1973 pack of 3.0 million.

The pear set was very heavy, but a combination of small sizes and disease problems caused by the rain and humid conditions reduced the amount of canning quality fruit.

Production of mixed fruit is estimated at 1.8 million cases and apricots at 550,000.

Calendar 1973 established a new record for exports of canned deciduous fruit. Total exports are estimated at 9.5 million cases, 51 percent above those of 1972. Smaller supplies of U.S. and South African fruit enabled Australia to move heavy stocks that had accumulated in recent years. Estimates by item, in million cases, are: Canned peaches, 4.1; pears, 3.2; apricots, 0.5; and mixed fruit, 1.8.

The United Kingdom is the largest export market for all fruits. Canada and continental Europe are also important markets for all items. Japan is a significant market for peaches, pears, and mixed fruit.

Good Weather Boosts Argentine Dried Fruit Pack

Excellent weather conditions contributed to a larger 1974 pack of Argentine dried fruit. Total production is estimated at 7,319 metric tons (8,068 short tons), more than twice the short 1973 crop of 3,298 metric tons (3,635 short tons). Rain, which delayed the start of drying operations, was reported in Mendoza and San Juan.

Production of individual items is estimated as follows: Prunes, 4,200 metric tons (4,600 short tons); raisins and currants, 3,100 metric tons (3,400 short tons); and pears, 19 metric tons (21 short tons). Comparable 1973 production was: Prunes, 725 metric tons (800 short tons); raisins and currants, 2,570 metric tons (2,830 short tons); and pears, 3 metric tons (3 short tons).

The short 1973 pack curtailed supplies causing a sharp drop in exports. Calendar 1973 exports of all dried fruit totaled only 4,444 metric tons (4,900 short tons).

Brazil is the major market for Argentine dried fruit. Europe, Mexico, and Venezuela were also markets for 1973 dried fruit production.

India Cashew Crop May Match Last Year's

Early estimates place India's 1974 cashew crop at 100,000 metric tons (110,000 short tons)—raw nut basis—equal to last season's harvest, but less than the record 1971 crop of 112,000 metric tons (123,000 short tons). Relatively large crops of recent years resulted mainly from new fruit-bearing plantings and the collection and processing of more wild cashew nuts.

Historically dependent on African raw nuts for a substantial percentage of the tonnage it processes, the Indian trade imported 170,000 metric tons in 1973, compared with 193,000 metric tons in 1972. For 1974, Indian trade sources indicate that imports will likely exceed last year's total and reach about 190,000 tons. Prices for raw Angoche African nuts, c.i.f. Cochin, averaged 12 U.S. cents per pound in 1973 versus 10 U.S. cents per pound in 1972.

Indian exports of kernels during calendar 1973 are placed at 57,000 tons, down 14 percent from the record level of 65,000 tons during 1972. Exports during calendar 1974 are forecast at 62,000 tons, 5 percent higher than the 1973 level.

Prices during 1973 rose to record highs, reacting principally to strong demand. For example, the average price of whole kernels (320-count) during 1973 amounted to US$1.01 per pound (c.i.f. New York). This includes a peak price of US$1.20 during July and August and a low of 74 cents at the beginning of the year. Industry officials state that prices will likely remain firm during 1974, thus dispelling the possibility that the price levels of 1972 and earlier will soon return.

Larger Dried Fruit Pack Expected in Chile

Chile reports a larger 1974 dried fruit pack. Production is estimated at 7,050 metric tons (7,750 short tons), 22 percent above that of 1973. Weather conditions were reported very good although frost and wind affected some prune areas.

Production of individual items is estimated as follows: Prunes, 4,500 metric tons (4,950 short tons); peaches, 1,500 metric tons (1,650 short tons); raisins, 700 metric tons (570 short tons); and other dried fruit, 350 metric tons (400 short tons). During 1973, production, in metric tons, totaled 3,600 for prunes, 1,300 for peaches, 600 for raisins; and 300 for other dried fruit.

This year's exports of dried fruit are forecast above last year's. Exports totaled 1,827 metric tons (2,014 short tons) during 1973; prunes, accounted for 95 percent of the total. Brazil, West Germany, and Italy were the major markets.

GENERAL

Brazil Extends Some Duty Exemptions

Effective April 1, Brazil's Customs Policy Council extended for 180 days duty exemptions on imports of crude, purified, and refined vegetable oils; beef tongues, tails, hearts, kidneys, feet, and stomachs; garlic, dry peas, lentils, and chick peas. It also reduced to zero for 180 days the duty on fresh, chilled, and frozen mutton imports, and reduced to 5 percent the import duty on tomato paste for industrial use within the 10,000-ton quota.

Irish Export Board To Open Tokyo Office

Coras Trachlata, the Irish Export Board, plans to open an office in Tokyo. This action follows a trade mission to Japan in 1973, described as one of the Board's most successful. Principal commodities in Ireland's rapidly expanding export trade to Japan are dairy and pork products.

Other Foreign Agriculture Publications

- World Coffee Production Low For 1973-74 (FCOF-2-74)
- U.S. Cotton Exports by Customs Districts (FC-5-74)
- Cotton in Turkey (FC-6-74)
- February Exports of Raw Cotton Highest Monthly Total This Season (FC-7-74)
- U.S. Exports of Prepared and Other Feeds Make Good Gain in 1972-73 (FG-9-74)

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FOREIGN AGRICULTURE

United Kingdom Reviews Impact of EC Membership

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with numbers rising about 15 percent by June 1973.

Hog numbers climbed to a record 8.9 million head, up from 8.6 million a year earlier, despite 1973 outbreaks of swine vesicular disease. By June 1973, the number of breeding sows had risen about 200,000 head above the previous year. Poultry numbers had expanded moderately by June 1973 to 144 million, with declines in layers offset by a 15 percent increase in broilers, which totaled 58 million.

However, by the last quarter of 1973, a cost-price squeeze set off a storm of protest among livestock producers—notably dairy and hog producers. This situation may underline the difficulty of continued livestock expansion.

During the last 2 weeks of December 1973, about 70,000 more hogs were slaughtered than in the comparable period of 1972. Similarly, about 18,000 more cattle were slaughtered during this period. The above-normal cattle slaughter partly reflected apprehension of financial loss by dairy producers, since feed prices increased to record levels while milk prices were constant.

The Government-controlled, fluid-milk retail price was not increased due to fear of worsening the already severe price inflation. Also, price increases are limited by the Treaty of Accession. The EC has stressed broader structural policies in the dairy sector in its effort to reduce the likelihood of dairy surpluses.

Dairy producers were disappointed not only by the unfavorable milk-price, feed-cost relationships, but also by the Government's liberal import policies towards dairy products, specifically the removal of the butter import quota.

Consequently, the National Farmer's Union, at its annual meeting on January 22, 1974, pressed for price relief in order to prevent higher cattle slaughter and the possibility of food shortages later in 1974. Spokesmen for the National Farmer's Union also urged a more rapid transition period to the higher EC milk prices than had been provided for in the Treaty of Accession.

In response to these pressures, the U.K. Government proposed to raise producer prices of all commodities (except eggs and sugarbeets) whose prices are guaranteed in the U.K.'s "Annual Review and Determination of Guarantees" (see page 4).

The increase in the guaranteed milk price in 1974-75 is about 7 percent above 1973-74, or to approximately 60 cents per gallon. The increase is the maximum allowed under present EC regulations. The Annual Review also provides for an unprecedented retroactive guaranteed payment to milk producers.

The Annual Review also calls for an 8 percent increase in the price of wheat to $2.47 per bushel and a 7.5 percent increase in barley to $1.78 per bushel. The guaranteed price for oats will rise 7 percent to $1.35 per bushel.

In the animal sector, the only guaranteed price is for slaughter hogs. The guarantee will raise prices only slightly to about 40.6 cents per pound.

Although the price increases, particularly for milk, are less than those demanded by the National Farmer's Union, the Government hopes that the increases will curb the excessive rise in livestock slaughtering, and restrain the possibility of meat shortages and very high meat prices later in 1974.

PRC Hog Numbers Up

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ucts, while only a very small portion of total production, have been an important earner of foreign exchange in the past two decades. In 1970, hogs and hog products accounted for more than 10 percent of total export earnings.

As the world's largest supplier of hogs for slaughter, the PRC ships 90 percent of its hog exports to Hong Kong, which is also a primary market for its fresh and canned pork. Other important markets include Czechoslovakia, Egypt, France, Italy, Poland, and the United Kingdom.

In fiscal 1972 and 1973, the United States imported $5.9 million and $4.8 million worth, respectively, of hog bristles from the PRC, which are used in manufacturing tooth, paint, and cleaning brushes.

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